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FISCAL IMPACT STATEMENT

LS 6203

BILL NUMBER: SB 67

NOTE PREPARED: May 5, 2005

BILL AMENDED: Apr 26, 2005

SUBJECT: Wireless Enhanced 911.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR: Rep. Ruppel

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill requires the Wireless Enhanced 911 Advisory Board to review biennially wireless 911 service to ensure that 911 fees are not excessive and are used properly. It specifies that commercial mobile radio service (CMRS) providers and public safety answering points (PSAPs) may be reimbursed from the Wireless Emergency Telephone System Fund for the costs of implementing Phase 2 of the 1996 Federal Communications Commission (FCC) order concerning wireless enhanced 911 service if the costs are: (1) incurred before July 1, 2005; and (2) invoiced to the Board not later than December 31, 2005. It also specifies that a CMRS provider may be reimbursed for costs incurred before July 1, 2005, to comply with the FCC order and rules adopted under the order.

The bill allows part of the Wireless Enhanced 911 fee to be used to reimburse the Board for certain wireless enhanced 911 services required by the FCC order but not incurred by CMRS providers or PSAPs. It requires the Board to reduce the fee to less than \$0.50 after all CMRS providers have been reimbursed for expenses. The bill specifies how the Board must allocate the fee after all CMRS providers have been reimbursed. It prohibits the Board from reimbursing a CMRS provider for expenses submitted after December 31, 2005. It provides that the Indiana Utility Regulatory Commission (IURC) does not have jurisdiction over CMRS rates, terms, or conditions. The bill also repeals an obsolete reference to pseudo-automatic number identification.

Effective Date: July 1, 2005.

Explanation of State Expenditures: The bill prohibits the Indiana Utility Regulatory Commission from exercising its jurisdiction over the rates, terms, and conditions of commercial mobile radio services. Removing these responsibilities from the IURC could reduce the agency's administrative burden. Because the

Commission's responsibilities encompass all utility types, it is unknown what proportion of the Commission's spending is related to CRMSs.

The bill also requires the Wireless Enhanced 911 Advisory Board to perform a biannual review of the collection, disbursement, and use of the Wireless Emergency 911 fee. The fiscal impact, if any, would likely be dependent on the extent to which the Board must perform the review beyond its current efforts to collect information on the Wireless Emergency 911 fee. The bill requires the initial review to be conducted no later than June 30, 2006.

Explanation of State Revenues: Current statute allows for \$0.25 of the monthly Wireless Emergency 911 fee to be used for reimbursing the commercial mobile radio service providers, or wireless carriers, for actual costs incurred while complying with the wireless 911 order from the FCC. Current statute also allows for \$0.03 of the monthly fee to be used for reimbursing wireless carriers and PSAPs for costs associated with implementing Phase 2 of the FCC order.

This bill will make it so that wireless carriers and PSAPs will be able to seek reimbursement only for their respective costs incurred before July 1, 2005, and invoiced to the Board not later than December 31, 2005. The bill also provides that if the fee is greater than \$0.50, which it is currently set at \$0.65, it must be reduced to a maximum of \$0.50 when all wireless carriers have been reimbursed for their approved costs.

Once all wireless carriers have had all approved costs reimbursed and the fee has been reduced, the bill resets the distribution of each fee collected as the following:

- \$0.007 is to be kept by the wireless carriers for collecting the fee;
- \$0.01 is to go toward Board expenses;
- \$0.383 is to go toward PSAP monthly reimbursements; and
- any amount of the fee that is left over must be deposited in an escrow account for payment of other wireless enhanced 911 services mandated by the FCC but not incurred by PSAPs. If the fee is set at the maximum of \$0.50, the remaining portion of the fee would be \$0.10.

As of July 2004, the Office of the State Treasurer reported there were approximately 2.9M wireless subscribers paying the monthly Wireless Emergency 911 fee. After the fee distribution has been reset, the decrease in revenue generated by the reduced fee is offset by the decrease in reimbursements to wireless carriers, to PSAPs for Phase 2 costs, and distributions to the Board. Based on the 2.9M customers paying a \$0.50 fee, the Board would experience a decrease in revenue from approximately \$37,000 to \$29,000. However, \$290,000 would be reserved in the escrow account for related costs not incurred by PSAPs. The monthly reimbursements to PSAPs will remain mostly the same, however, they could increase due to the reset distribution.

Explanation of Local Expenditures:

Explanation of Local Revenues: Public Safety Access Points (PSAPs) could experience an increase in reimbursements from the monthly Wireless Emergency 911 fee as a result of this bill. According to the Office of the State Treasurer, PSAPs have received approximately \$41.6 M since 1999 from the PSAP and Board account. (See *Explanation of State Revenues*.)

State Agencies Affected: Office of the State Treasurer, Wireless Enhanced 911 Advisory Board; IURC.

Local Agencies Affected: Public Safety Access Points.

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